

Brewster

# WAIS, INC.

## BOARD MEETING AGENDA

October 26, 1994

9 a.m. - 4 p.m.

9:00 am - 10:00 am	Coffee, Demo, & Orientation
10:00 am - 11:00 am	Company Status
11:00 am - 12 noon	Legal & Stocks Concerns (Board Only)
12 noon - 1:00 pm	Lunch Break
1:00 pm - 2:00 pm	Client Strategy
2:00 pm - 2:30 pm	Ensemble Presentation
2:30 pm - 4:00 pm	Client Strategy

### ATTENDEES:

Brewster Kahle  
John Duhring  
Bruce C. Gilliat  
William Dunn  
Nick Scharf  
Allen Morgan

# WAIS Inc

Wide Area Information Servers

## First Quarter FY1995 Financial Results and Forecast

### REVENUE

Revenue for the first quarter of FY 1995 was \$1,016,000 compared to the plan of \$609,000. We have exceeded our total 1994 revenue in the first quarter of 1995!

We are staying with our prior forecast of \$790,000 for the second quarter and \$3,600,000 for the year. We currently have a backlog of \$521,000 for the second quarter.

### EXPENSES

Expenses for the quarter were \$176,000 less than the plan. Approximately \$70,00 was due to the expenses prepaid in 1994, \$40,000 of delayed marketing expenses (Public Relations, Trade Show, Collateral Development, Recruiting), \$20,000 lower development expenses, \$15,000 delayed development recruiting and \$16,000 lower G&A expenses.

Our current forecast for total FY1995 expenses is <sup>2,666,000</sup> \$2,460,000 Vs the original plan of \$2,415,000. The forecast includes the delayed spending from Q1 and some reallocations of originally planned expenses-- We are now planning to open an official Washington DC. office (additional expenses of \$153,000 for the year; the office will have two additional engineers and an administrative support person; the office has been operating from the basement of our lone Washington DC representative.

### STAFFING

We are a bit behind in the our planned staff increases for Development and Production Services. We are focusing our recruiting efforts on the Production Services and Development departments and are currently forecasting a total of 14 employees in these departments by the end of Q2 Vs an original plan of 13. We recently engaged a contract recruiter to help us with the hiring. Progress with customer commitments is being taken care of with a combination of existing staff and contractors.

**WAIS, Inc.**  
**Income Statement for the Month of September 1994**  
**10/11/94**

Month of September				3 Months Year to Date		
<u>Actual</u>	<u>Budget</u>	Better (Worse)		<u>Actual</u>	<u>Budget</u>	Better (Worse)
<b>REVENUE</b>						
334,883	250,000	84,883	Products	\$635,633	\$472,222	163,411
139,186		139,186	Government Contract	142,485	-	142,485
68,000	28,000	40,000	Production Services	138,000	137,000	1,000
100,000		100,000	International	100,000		100,000
642,069	278,000	364,069	Total Revenue	1,016,118	609,222	406,896
642,069	278,000	364,069	GROSS MARGIN	1,016,118	609,222	406,896
19,824	48,693	28,869	Marketing & Sales	32,513	98,685	66,172
7,315	5,800	(1,515)	Washington Office	16,539	17,400	861
23,656	21,800	(1,856)	Production Services	37,614	66,050	28,436
28,249	46,412	18,163	Development	58,926	89,489	30,563
22,020	45,061	23,041	G&A	74,579	124,182	49,603
101,064	167,766	66,702	Total Expenses	220,171	395,806	175,635
541,005	110,234	430,771	Net Operating Income (Loss)	795,947	213,416	582,531
381		381	Interest Income ( Expense)	1,076	\$0	1,076
541,386	110,234	431,152	Pretax Income (Loss)	797,023	213,416	583,607
238,210	44,094	(194,116)	Income Taxes	350,690	85,367	(265,323)
\$303,176	\$66,140	\$237,036	NET INCOME (LOSS)	\$ 446,333	\$128,049	\$318,284

**WAIS, Inc.**  
**September 30, 1994 Balance Sheet**  
**10/11/94**

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<i>Current Assets</i>			
Cash	\$320,459	\$ 310,733	\$9,726
Accounts Receivable	514,026	74,133	439,893
Deposits & Prepaids	41,056	5,876	35,180
Total Current Assets	875,541	390,742	484,799
<i>Fixed Assets</i>			
Furniture	9,064	4,741	4,323
Equipment & Software	95,621	97,276	(1,655)
Production Services	7,670	3,301	4,369
Accumulated Depreciation	(38,499)	(38,144)	(355)
Net Fixed Assets	\$73,856	67,174	6,682
<i>Other Assets</i>	3,577	3,815	(238)
<i>Total Assets</i>	<u>\$952,974</u>	<u>\$461,731</u>	<u>\$491,243</u>
<i>Current Liabilities</i>			
Accounts Payable	\$50,121	\$49,235	\$886
Accounts Receivable Line of Credit			-
Note Payable	48,711	48,711	-
Deferred Revenue	-	79,253	(79,253)
Accrued Income Taxes	345,141	85,367	259,774
Total Current Liabilities	(443,973)	262,566	181,407
<i>Shareholders' Equity:</i>			
Paid in Capital	25,000	25,000	-
Current Year Income (Loss)	446,333	128,049	318,284
Retained Earnings (Deficit)	37,668	46,116	(8,448)
Total Equity	509,001	199,165	309,836
<i>Total Liabilities &amp; Equity</i>	<u>\$952,974</u>	<u>\$461,731</u>	<u>\$491,243</u>

Report 1  
12-Oct-94

WAIS, Inc.  
FY1995 Income Statement Forecast

	Actual												
	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	Total
<b>REVENUE</b>													
Products	\$137,000	\$163,750	\$334,883	\$316,000	\$126,000	\$205,000	\$150,000	\$177,778	\$177,778	\$222,222	\$222,222	\$222,222	\$2,454,855
Government Contract	\$2,062	1,237	139,186										142,485
Production Services	50,000	20,000	68,000	18,200	30,000	94,400	50,000	161,000	46,000	90,000	112,000	235,000	974,600
International			100,000										100,000
<b>Total Revenue</b>	189,062	184,987	642,069	334,200	156,000	299,400	200,000	338,778	223,778	312,222	334,222	457,222	3,671,940
			1,016,118			789,600			762,556			1,103,667	3,671,940
<b>COST OF GOODS SOLD</b>													
Subcontractors													
<b>Total Cost of Goods</b>													
<b>GROSS MARGIN</b>	189,062	184,987	642,069	334,200	156,000	299,400	200,000	338,778	223,778	312,222	334,222	457,222	3,671,940
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marketing & Sales	10,011	2,678	19,825	43,213	41,707	61,743	45,067	99,486	65,236	62,158	88,258	69,408	608,787
Washington Office			7,315	11,343	24,100	23,738	23,688	23,688	23,688	23,688	23,688	23,688	208,621
Production Services	13,036	812	23,656	44,119	49,182	44,265	44,265	48,532	47,949	48,088	48,088	48,504	460,495
Development	19,356	20,545	28,248	38,682	67,038	78,432	85,249	71,388	78,388	78,388	78,388	78,388	722,490
G&A	15,431	37,237	22,020	39,331	46,614	56,112	61,248	75,448	79,614	75,614	75,614	81,614	665,899
<b>Total Expenses</b>	57,834	61,272	101,064	176,688	228,641	264,290	259,516	318,541	294,874	287,935	314,035	301,602	2,666,291
<b>Net Operating Income(Loss)</b>	131,228	123,715	541,005	157,512	(72,641)	35,110	(59,516)	20,237	(71,096)	24,287	20,187	155,621	1,005,650
													27%
Interest Income ( Expense)	342	354	381										1,077
<b>Pretax Income(Loss)</b>	131,570	124,069	541,386	157,512	(72,641)	35,110	(59,516)	20,237	(71,096)	24,287	20,187	155,621	1,006,727
<b>Income Taxes</b>	57,891	54,590	238,210	69,305	(31,962)	15,448	(26,187)	8,904	(31,282)	10,686	8,882	68,473	442,960
<b>NET INCOME(LOSS)</b>	\$73,679	\$69,479	\$303,176	\$88,207	(\$40,679)	\$19,662	(\$33,329)	\$11,333	(\$39,814)	\$13,601	\$11,305	\$87,148	\$563,767

Report 2  
12-Oct-94

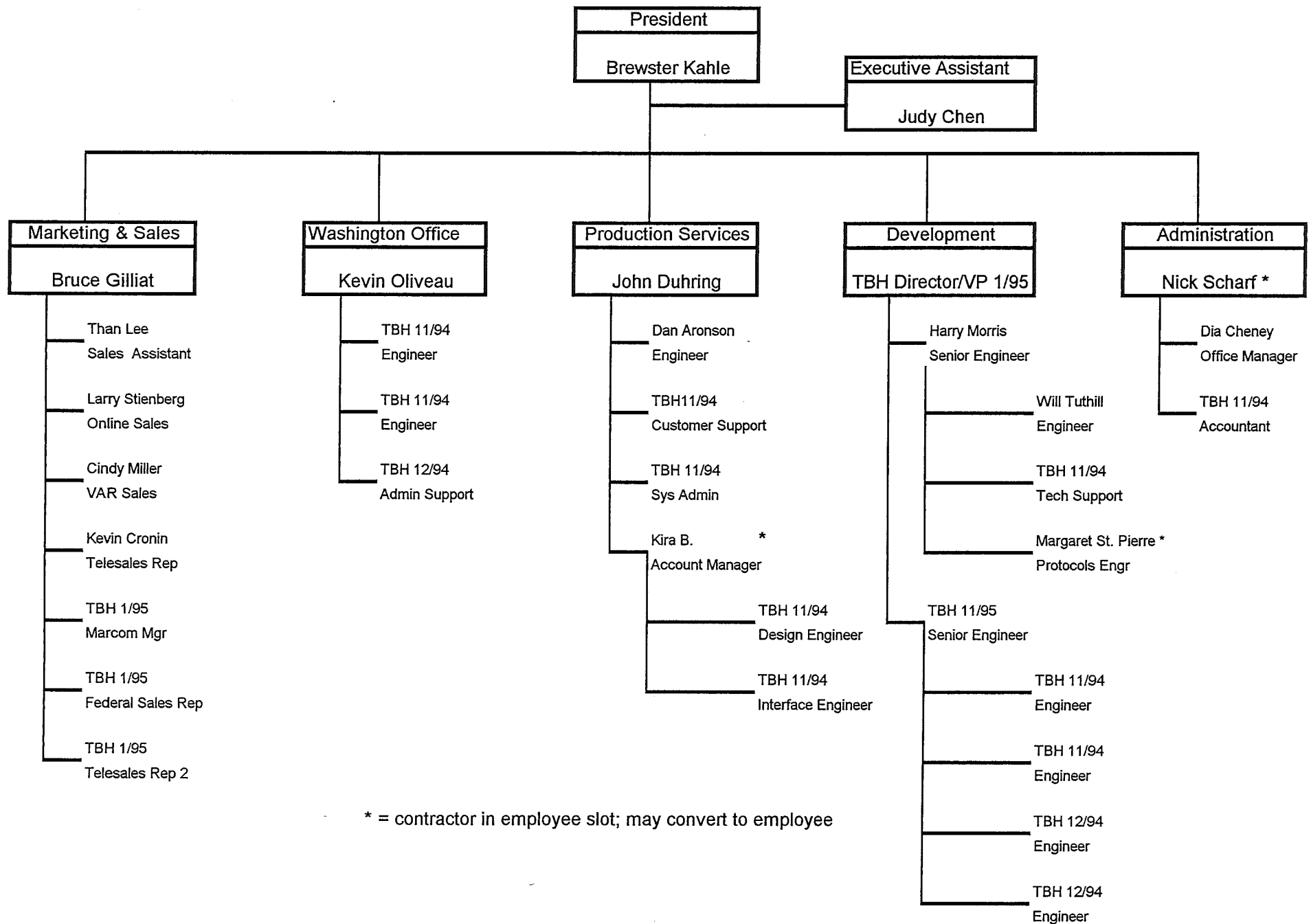
WAIS, Inc.  
FY1995 Balance Sheet Forecast

A/R days: 25

A/R less	Actual												
	Jun-94	125% Jul-94	146% Aug-94	100% Sep-94	100% Oct-94	100% Nov-94	100% Dec-94	100% Jan-95	100% Feb-95	100% Mar-95	100% Apr-95	100% May-95	100% Jun-95
<b>Current Assets</b>													
Cash	\$134,341	\$180,889	\$201,451	\$320,459	\$695,724	\$744,604	\$659,004	\$665,982	\$597,069	\$572,690	\$524,469	\$559,196	\$591,656
Accounts Receivable	\$101,023	196,910	225,500	514,026	278,500	130,000	249,500	166,667	282,315	186,481	260,185	278,519	381,019
Deposits & Prepaids	5,875	2,395	2,395	41,056	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total Current Assets</b>	<b>241,239</b>	<b>380,194</b>	<b>429,346</b>	<b>875,541</b>	<b>989,224</b>	<b>889,604</b>	<b>923,504</b>	<b>847,649</b>	<b>894,383</b>	<b>774,171</b>	<b>799,654</b>	<b>852,714</b>	<b>987,674</b>
<b>Fixed Assets</b>													
Furniture	4,741	4,741	4,741	9,064	14,064	20,064	20,064	20,064	30,064	30,064	30,064	30,064	30,064
Equipment & Software	81,776	87,403	95,621	95,621	128,121	142,121	149,121	170,121	175,121	175,121	175,121	175,121	175,121
Production Services	3,301	3,301	3,301	7,670	12,670	15,670	30,670	30,670	30,670	45,670	50,670	50,670	65,670
Accumulated Depreciation	(30,053)	(32,651)	(35,479)	(38,499)	(42,561)	(47,178)	(52,507)	(58,419)	(64,470)	(71,104)	(77,877)	(84,650)	(91,840)
<b>Net Fixed Assets</b>	<b>\$59,765</b>	<b>\$62,794</b>	<b>\$68,184</b>	<b>\$73,856</b>	<b>\$112,294</b>	<b>\$130,677</b>	<b>\$147,348</b>	<b>\$162,436</b>	<b>\$171,385</b>	<b>\$179,751</b>	<b>\$177,978</b>	<b>\$171,205</b>	<b>\$179,015</b>
<b>Other Assets</b>	<b>3,815</b>	<b>3,735</b>	<b>3,656</b>	<b>3,577</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>	<b>3,815</b>
<b>Total Assets</b>	<b>\$304,819</b>	<b>\$446,723</b>	<b>\$501,186</b>	<b>\$952,974</b>	<b>\$1,105,333</b>	<b>\$1,024,096</b>	<b>\$1,074,667</b>	<b>\$1,013,900</b>	<b>\$1,069,584</b>	<b>\$957,737</b>	<b>\$981,447</b>	<b>\$1,027,734</b>	<b>\$1,170,505</b>
<b>Current Liabilities</b>													
Accounts Payable	114,206	\$124,559	\$54,953	\$50,121	\$44,967	\$36,371	\$51,832	\$50,581	\$86,028	\$45,278	\$44,700	\$70,800	\$57,950
Accounts Receivable Line of Credit													
Note Payable - B Kahle	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711	48,711
Deferred Revenue	79,235	79,235	79,235										
Accrued Income Taxes	6,100	63,990	118,580	345,141	414,446	382,485	397,933	371,746	380,650	349,368	360,054	368,937	437,410
<b>Total Current Liabilities</b>	<b>248,252</b>	<b>316,495</b>	<b>301,479</b>	<b>443,973</b>	<b>508,125</b>	<b>467,567</b>	<b>498,476</b>	<b>471,038</b>	<b>515,389</b>	<b>443,357</b>	<b>453,465</b>	<b>488,448</b>	<b>544,071</b>
<b>Shareholders' Equity:</b>													
Paid in Capital	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Current Year Income (Loss)	31,187	73,679	143,158	446,333	534,540	493,861	513,523	480,194	491,527	451,713	465,314	476,619	563,766
Retained Earnings (Deficit)	380	31,549	31,549	37,668	37,668	37,668	37,668	37,668	37,668	37,668	37,668	37,668	37,668
<b>Total Equity</b>	<b>56,567</b>	<b>130,228</b>	<b>199,707</b>	<b>509,001</b>	<b>597,208</b>	<b>556,529</b>	<b>576,191</b>	<b>542,862</b>	<b>554,195</b>	<b>514,381</b>	<b>527,982</b>	<b>539,287</b>	<b>626,434</b>

10/26/94

# WAIS, Inc. Organization Chart



# Salary and Stock Guidelines by Employee Category

10/25/94

		Shares	Salary	Marketing	Development	Production Services	Washington	G&A
Director		40,000	85-90K					
	2		80-85K				Kevin Oliveau 60	
Manager	1	15,000	75-80K			Kiera B. 60 *		
	3		70-75K		Harry Morris 72 TBH Sr Engineer			
	2		65-70K	Cindy Miller 48/96 Larry Stienberg 48/96		Dan Aronson 60		
Senior Staff	1	10,000	60-65K	Marcom Manager	Margaret St Pierre 75 *			
	3		55-60K			TBH Human Intrfce Eng		
	2		50-55K		Will Tuthill 57 TBH Engineers	TBH Sys Admin TBH Design Engineer	TBH Engineers	
Staff Level 2	1	5,000	45-50K					
	3		40-45K	Kevin Cronin 24/64				TBH Accountant
	2		35-40K		Ben Lai 40			Dia Chenney 30
Staff	1	1,000	25-30K	Than Lee			TBH Admin Staff	Judy Chen 25



Salary Survey Data  
1994 Radford Survey of 1993 Data

		<u>Annual</u>	
		<u>Ave</u>	<u>91st Percentile</u>
<b>Software Engineers</b>			
<b>Non-supervisors</b>			
Entry Level	1	41,364	45,756
	2	49,272	56,568
Diverse Scope	3	59,316	72,456
Complex Projects	4	71,208	87,096
Extremely Complex Projects	5	83,244	102,228
Almost a Fellow	6	97,668	120,516
<b>Application Engineers</b>			
Entry Level	1	39,768	44,064
	2	47,028	54,564
Judgement Required	3	56,148	64,752
	4	67,176	76,632
Extremely complex	5	77,220	98,112
<b>Systems Administrators</b>			
	1	38,400	41,136
Moderate Scope	2	45,336	52,416
Diverse Scope	3	54,372	62,412
Complex	4	67,944	82,332
<b>Supervisory</b>			
Manage developers	2	65,496	78,696
	3	75,096	90,792
Have Sub Managers	4	85,392	101,484
Help with strategy	5	97,956	118,020
Set Corp Strategy	6	110,712	140,688

**Facility and Space Requirement Status**  
**10/26/94**

**People Projections**

	Current			3 Months--1/31/95			8 Months-- 6/30/95		
	Employees	Contractors	Additional Need	Employees	Forecast Contractors	Additional Need	Employees	Forecast Contractors	Additional Need
Development	3	1	4	9		2	9		2
Production Services	2	3	3	6	2	3	7	2	3
Marketing & Sales	5	1		7			7		
Administration	3	2		4	1		5	1	
Totals	13	7	7	26	3	5	28	3	5
Cumm. Spaces	13	20	27	26	29	34	28	31	36

**Additional Capacity**

	Downstairs	Upstairs	2 More Rooms	Total
People	0	3	5	8
Phone Lines	OK	OK	OK	
Heat	Marginal	?	?	
Air Conditioning	none	none	none	
Power	Marginal	Marginal	Marginal	

6/30/95 need: (36)(200ft/person)=7,200 ft

Rents are \$1.00 to \$1.60/ft--

Lease 8,000ft for \$8,000 to \$13,000 per month vs \$5,000+ now, \$6,000 with addition of 2 more rooms